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Approved For Release 2005/02/17 : CIA-RDP80B01676R001100090042-7

10-24-8/2

WAD
The Honorable Gordon Gray
Director, Office of Defense Mobilization
Executive Office Building
Washington, D. C.

Dear Gordon:

This is in response to your letter of 14 January 1958 concerning the production of tungsten in Communist China.

Our estimates of the Chinese production of tungsten concentrates (68% WO₃), as indicated in Table I attached, show a significant increase since the communist takeover in 1949. Their production of 22,100 metric tons in 1956, however, was more nearly equal to half that of the rest of the world than "30% more than the rest of the world" as suggested by Mr. Li. The estimated world production of 64,500 metric tons in 1956 is accounted for as follows: China -- 22,100 tons; Sino-Soviet Bloc -- 31,500 tons; Free World -- 33,000 tons.

For several years after 1949 all of China's tungsten production was shipped to the USSR. In recent years, however, increasing amounts have been shipped to the European Satellites, which received 10% to 15% of Chinese production in 1956. It has been reported that both China and the USSR have recently made offers to export tungsten to the Free World.

Limited information indicates that the USSR uses tungsten for the same purposes as the US including high-speed steels, hot-work steels, cutting tools, tungsten carbide for hard facing, and cores for armor piercing shells. Assuming that the USSR uses as much tungsten for these purposes as the US, they would still have a large surplus for stockpiling or for other applications.

FEMA review(s)

completed

On file OSD release Instructions apply.

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We have no direct evidence that the Soviets are using as much as 52% tungsten in alloys. They have, however, been experimenting with high temperature alloys and it is possible that in this connection they may have developed a successful high tungsten alloy. Another possible application, making use of very high tungsten content, may be in an alloy used in

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I hope the above information will be helpful to you.

Sincerely,

ALLEN W. DULLES
Director

Distribution:

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(21 January 1958)

APPROVED:

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Deputy Director/Intelligence

TABLE I

Estimated Production of Tungsten Concentrates, China, 1949-57
(68 percent WO₃)

<u>Year</u>	<u>Thousand Metric Tons</u>
1949	5.0
1950	11.0
1951	11.6
1952	15.8
1953	17.4
1954	19.0
1955	20.5
1956	22.1
1957	23.7

10-248

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION
WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

January 14, 1958

Dear Allen:

Today I had a conference with Mr. K. C. Li of the Wah Chang Corporation, generally about tungsten. He made a proposal to us respecting the upgrading of low-grade tungsten ores in the Defense Production Act stockpile. I believe this is a matter of little concern to you. However, Mr. Li told us that his information is that since the communist takeover in China the production of tungsten in that country has trebled and all of the production goes into the Soviet Union. He pointed out that at this assumed rate of production China alone now produces 30% more tungsten than the rest of the world.

I am wondering whether you could give me your best judgment as to whether such quantities of tungsten are going into the Soviet Union and if so, what uses are being made of it.

Mr. Li told me of having read in a Soviet magazine a statement that the Russian's developments in alloys permit them to use as much as 52% tungsten whereas the maximum use we know of in this country is about 10%.

Any information you can give me would be helpful as we examine our current and future planning with respect to tungsten.

Sincerely,

Gordon Gray
Director

Honorable Allen W. Dulles

Director of Central Intelligence

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TO	NAME AND ADDRESS	INITIALS	DATE
1	o/ DD/I	Feb	17 Jan 1958
2	AD/RR	OEG	18 Jan
3	DDI, Ch/M	Jan	18 Jan
4	AD/RRR	anon	1/22/58
5	DD/I	JB	1/23/58
6	DCI		
<input checked="" type="checkbox"/> ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

The Director has the original of Gordon Gray's letter. - Copy attached to pink copy of reply. Please prepare a reply for the Director's signature. - Suggested reply attached.

Suspense 23 January 1958

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FROM: NAME, ADDRESS AND PHONE NO.	DATE
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Replaces Form 30-4 which may be used.

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